

1 TO THE HONORABLE SENATE:

2 The Committee on Agriculture to which was referred Senate Bill No. 276
3 entitled “An act relating to rural economic development” respectfully reports
4 that it has considered the same and recommends that the bill be amended by
5 striking out all after the enacting clause and inserting in lieu thereof the
6 following:

7 * * * Rural Economic Development Initiative * * *

8 Sec. 1. 10 V.S.A. § 325m is amended to read:

9 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

10 (a) Definitions. As used in this subchapter:

11 (1) ~~“Industrial park” means an area of land permitted as an industrial~~
12 ~~park under chapter 151 of this title or under 24 V.S.A. chapter 117, or under~~
13 ~~both.~~

14 (2) “Rural area” means a county of the State designated as “rural” or
15 “mostly rural” by the U.S. Census Bureau in its most recent decennial census.

16 (3)(2) “Small town” means a town in the State with a population of less
17 than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

18 (b) Establishment. There is created ~~within the Vermont Housing and~~
19 ~~Conservation Board~~ a Rural Economic Development Initiative ~~to promote and~~
20 ~~facilitate~~ to be administered by the Vermont Housing and Conservation Board
21 for the purpose of promoting and facilitating community economic

1 development in the small towns and rural areas of the State. The Rural
2 Economic Development Initiative shall collaborate with municipalities,
3 businesses, ~~industrial parks~~, regional development corporations, and other
4 appropriate entities to access funding and other assistance available to small
5 towns and businesses in rural areas of the State when existing State resources
6 or staffing assistance is not available.

7 (c) Services; access to funding.

8 ~~(1)~~ The Rural Economic Development Initiative shall provide the
9 following services to small towns and businesses in rural areas:

10 ~~(A)(1)~~ identification of grant or other funding opportunities available
11 to small towns, businesses in rural areas, and industrial parks in small towns
12 and rural areas that facilitate business development, siting of businesses,
13 workforce development, broadband deployment, infrastructure development,
14 or other economic development opportunities;

15 ~~(B)(2)~~ technical assistance to small towns, businesses in rural areas,
16 and industrial parks in small towns and rural areas in writing grants, accessing
17 and completing the application process for identified grants or other funding
18 opportunities, including writing applications for grants or other funding,
19 coordination with providers of grants or other funding, strategic planning for
20 the implementation or timing of activities funded by grants or other funding,

1 and compliance with the requirements of grant awards or awards of other
2 funding.

3 ~~(2)~~(d) In providing services under this subsection, the Rural Economic
4 Development Initiative shall give first priority to projects that have received
5 necessary State or municipal approval and that are ready for construction or
6 implementation.

7 ~~(d)~~(e) ~~Services; business development~~ Priority projects. The Rural
8 Economic Development Initiative shall ~~provide small towns and rural areas~~
9 ~~with services to facilitate business development in these areas. These services~~
10 ~~shall include:~~

11 ~~(1) Identifying businesses or business types suitable for a small town,~~
12 ~~rural areas, industrial parks in a small town or rural area, or coworker spaces or~~
13 ~~generator spaces in rural areas. In identifying businesses or business types, the~~
14 ~~Rural Economic Development Initiative shall seek to~~ assist the following
15 priority types of projects:

16 ~~(A) identify businesses or business types in the following priority~~
17 ~~areas:~~

18 ~~(i)~~(1) milk plants, milk handlers, or dairy products, as those terms
19 are defined in 6 V.S.A. § 2672;

20 ~~(ii)~~(2) the outdoor recreation and equipment ~~or recreation industry~~
21 enterprises;

1 ~~(iii)~~(3) ~~the value-added food and forest products industry~~
2 enterprises;

3 ~~(iv)~~(4) ~~the value added food industry farm operations, including~~
4 phosphorus removal technology for farm operations;

5 ~~(v)~~(5) ~~phosphorus removal technology~~ coworking or business
6 generator and accelerator spaces; and

7 ~~(vi)~~(6) commercial composting facilities; and

8 (7) restoration and rehabilitation of historic buildings in
9 community centers.

10 ~~(B) explore with a small town or rural area whether underused or~~
11 ~~closed school buildings are appropriate sites for coworker or generator spaces.~~

12 ~~(2) Recommending available grants, tax credits, or other incentives that~~
13 ~~a small town or rural area can use to attract businesses.~~

14 ~~(3)~~(f) In providing services under this subsection, the Rural Economic
15 Development Initiative shall coordinate with the Secretary of Commerce and
16 Community Development ~~in order to avoid duplication by the Rural Economic~~
17 ~~Development Initiative of business recruitment and workforce development~~
18 ~~services provided by the Agency of Commerce and Community Development~~
19 and regional development corporations.

20 ~~(e)~~(g) Report. Beginning on January ~~15, 2018~~ 31, 2019, and annually
21 thereafter, the Rural Economic Development Initiative shall submit to the

1 Senate Committees on Agriculture and on Economic Development, Housing
2 and General Affairs and the House Committees on Agriculture and Forestry
3 and on Commerce and Economic Development a report regarding the activities
4 and progress of the Initiative as part of the report of the Vermont Farm and
5 Forest Viability Program. The report shall include:

6 ~~(1) a summary of the Initiative's activities in the preceding calendar~~
7 ~~year;~~

8 ~~(2) an evaluation of the effectiveness of the services provided by the~~
9 ~~Initiative to small towns, rural areas, and industrial parks;~~

10 ~~(3) a summary of the Initiative's progress in attracting priority~~
11 ~~businesses to small towns and rural areas;~~

12 ~~(4) an accounting of the grants or other funding that the Initiative~~
13 ~~facilitated or provided assistance with;~~

14 ~~(5) an accounting of the funds acquired by the Rural Economic~~
15 ~~Development Initiative for administration of grants or other funding~~
16 ~~mechanisms and whether these funds are sufficient to offset the cost of the~~
17 ~~Rural Economic Development Initiative; and~~

18 ~~(6) recommended changes to the program, including proposed~~
19 ~~legislative amendments to further economic development in small towns and~~
20 ~~rural areas in the State summarize the Initiative's activities in the preceding~~
21 ~~year; evaluate the effectiveness of the services provided by the Initiative; and~~

1 provide an accounting of the grants or other funding that the Initiative
2 facilitated or helped secure.

3 * * * Outdoor Recreation Friendly Community Program * * *

4 Sec. 2. OUTDOOR RECREATION FRIENDLY COMMUNITY PROGRAM

5 (a) Establishment. The Outdoor Recreation Friendly Community Program
6 (Program) is created to provide incentives for communities to leverage outdoor
7 recreation assets to foster economic growth within a town, village, city, or
8 region of the State.

9 (b) Administration. The Program shall be administered by the Department
10 of Forests, Parks and Recreation in association with the Agency of Commerce
11 and Community Development.

12 (c) Selection. The Commissioner of Forests, Parks and Recreation in
13 consultation with the Agency of Commerce and Community Development and
14 the Vermont Outdoor Recreation Economic Collaborative steering committee
15 shall select communities for the Program using, at minimum, the following
16 factors.

17 (1) community economic need;

18 (2) identification of outdoor recreation as a priority in a town plan or
19 other pertinent planning document;

20 (3) community commitment to an outdoor recreation vision;
21 demonstrated support from community officials, the public, local business, and

1 local and statewide outdoor recreation nonprofit organizations; and
2 commitment to adhere to accepted standards and recreation ethos;

3 (4) a community with a good foundation of outdoor recreation assets
4 already in place with strong potential for growth on both private and public
5 lands;

6 (5) a community with good opportunities for connecting assets within
7 the community with assets of other nearby communities;

8 (6) a community with an existing solid network of local supporting
9 businesses; and

10 (7) community commitment to track and measure outcomes to
11 demonstrate economic and social success.

12 (d) Incentives. Communities accepted into the Program shall be offered, at
13 minimum, the following incentives.

14 (1) preferential consideration to become part of the Vermont Trail
15 System;

16 (2) preferential consideration when applying for grant assistance
17 through the Recreational Trails Program and the Land and Water Conservation
18 Fund Program;

19 (3) access to other economic development assistance if available and
20 appropriate; and

1 (4) recognition as part of a network of Outdoor Recreation Friendly
2 Communities connected through a common branding and adherence to high
3 standards of quality and service.

4 (e) Pilot project and appropriation. A sum of \$100,000.00 shall be
5 allocated to the Agency of Commerce and Community Development to be
6 administered in association with the Department of Forests, Parks and
7 Recreation and used in support of pilot communities chosen by the
8 Commissioner of Forests, Parks and Recreation to serve as a prototype for the
9 Program. The funding may be used for the following purposes.

10 (1) communitywide outdoor recreation planning, including assessment,
11 mapping, and identifying possibilities and priorities;

12 (2) services of consultants and other technical assistance providers;

13 (3) public facing mapping and other informational materials;

14 (4) securing access;

15 (5) implementation of public access improvements;

16 (6) stewardship;

17 (7) marketing; and

18 (8) program administration.

19 (f) Reports. On or before January 15, 2019, the Commissioner of Forests,
20 Parks and Recreation shall submit a report to the General Assembly detailing
21 the progress made with the pilot project authorized under subsection (e) of this

1 section. On or before January 15, 2020, the Commissioner of Forests, Parks
2 and Recreation shall submit a report to the General Assembly detailing any
3 measurable results of economic activity growth.

4 * * * Vermont Trail System; Act 250 * * *

5 Sec. 3. 10 V.S.A. § 6001(3) is amended to read:

6 (3)(A) “Development” means each of the following:

7 * * *

8 (v) The construction of improvements on a tract of land involving
9 more than 10 acres that is to be used for municipal, county, or State purposes.

10 In computing the amount of land involved, land shall be included that is
11 incident to the use such as lawns, parking areas, roadways, leaching fields and
12 accessory buildings. Trails designated as part of the Vermont Trails System
13 under chapter 20 of this title shall be deemed to be for the use of a State
14 purpose.

15 * * *

16 Sec. 4. 10 V.S.A. § 6001(3)(F) is added to read

17 (F) Trail projects.

18 (i) When jurisdiction over a trail has been established pursuant to
19 10 V.S.A. § 6001(3)(A), jurisdiction shall extend only to the trail corridor and
20 to any area directly or indirectly impacted by the construction, operation, or
21 maintenance of the trail corridor. The width of the corridor shall be 10 feet

1 unless the Commission determines that circumstances warrant a wider or
2 narrower corridor width.

3 (ii) Except in the case of construction on State lands, which are
4 subject to an independent review of environmental impacts by a State agency,
5 or the case of construction of a trail that is recognized as a trail within the
6 Vermont Trails System pursuant to chapter 20 of this title, when the
7 construction of improvements for a trail is proposed for a project on both
8 private and public land and for both a private and governmental purposes and
9 the portion of the project on private land reaches the threshold for jurisdiction
10 under subdivision 6001(3)(A)(i) or (ii) of this title, the portion of the project on
11 public land shall also be subject to jurisdiction under this chapter, even if
12 jurisdiction would not otherwise apply under the chapter.

13 * * * Forest Products Industry; Act 250 * * *

14 Sec. 5. 10 V.S.A. § 6084 is amended to read:

15 § 6084. NOTICE OF APPLICATION; HEARINGS; COMMENCEMENT OF
16 REVIEW

17 * * *

18 (g) Where an application concerns the construction of improvements for a
19 sawmill that produces two million board feet or less annually, the application
20 shall be processed as a minor application under subdivision (b)(2) of this
21 section.

1 * * * Forest Products Industry; Wood Energy; Supply * * *

2 Sec. 6. 16 V.S.A. § 837 is added to read:

3 § 837. PUBLIC SCHOOLS; WOOD HEAT; FUEL SUPPLIERS

4 Public schools and independent schools designated under section 827 of this
5 title that use wood to produce heat or electricity, or both, shall give preference
6 to Vermont suppliers when making fuel supply purchases.

7 Sec. 7. 30 V.S.A. § 8009(a)(2) is amended to read:

8 (2) “Baseload renewable power portfolio requirement” means an annual
9 average of 175,000 MWh of baseload renewable power from an in-state woody
10 biomass plant that was commissioned prior to September 30, 2009, has a
11 nominal capacity of 20.5 MW, uses woody biomass from Vermont or from
12 Vermont suppliers for the majority of its fuel supply, and was in service as of
13 January 1, 2011, provided that the woody biomass plant during times of
14 inadequate supply of woody biomass may use a majority of wood from non-
15 Vermont suppliers. Under this subdivision, woody biomass may be supplied
16 by an out-of-state supplier who harvests woody biomass in Vermont. A
17 Vermont supplier under this subdivision includes a business located in the
18 State that harvests wood in other states for sale in Vermont.

19 Sec. 8. PUBLIC BUILDINGS; WOOD ENERGY; VERMONT

20 SUPPLIERS; REPORT

1 (a) On or before December 15, 2018, the Commissioner of Buildings and
2 General Services (Commissioner), in consultation with the Commissioner of
3 Public Service, shall submit a written report and recommendation on the
4 feasibility and impacts of requiring State or municipally-owned public
5 buildings that use wood to produce heat or electricity, or both, to give
6 preference to Vermont suppliers when making fuel supply purchases.

7 (b) As used in this section, “public building” has the same meaning as in
8 20 V.S.A. § 2730.

9 (c) The submission shall include the Commissioner’s specific
10 recommendations as to each of the following categories:

11 (1) public buildings owned or occupied by the State of Vermont,
12 counties, municipalities, or other public entities; and

13 (2) public buildings in Vermont that receive incentives or financing, or
14 both, from the State of Vermont and are not within the category described in
15 subdivision (1) of this subsection.

16 (d) The Commissioner shall submit the report and recommendation to the
17 Senate Committees on Agriculture and on Natural Resources and Energy and
18 the House Committees on Agriculture and Forestry and on Energy and
19 Technology.

20 * * *Self-administered Efficiency Charge * * *

21 Sec. 9. 30 V.S.A. § 209(d)(3)(B) is amended to read:

1 (B) The charge established by the Commission pursuant to this
2 subdivision (3) shall be in an amount determined by the Commission by rule or
3 order that is consistent with the principles of least-cost integrated planning as
4 defined in section 218c of this title.

5 (i) As circumstances and programs evolve, the amount of the
6 charge shall be reviewed for unrealized energy efficiency potential and shall be
7 adjusted as necessary in order to realize all reasonably available, cost-effective
8 energy efficiency savings.

9 (ii) In setting the amount of the charge and its allocation, the
10 Commission shall determine an appropriate balance among the following
11 objectives; provided, however, that particular emphasis shall be accorded to
12 the first four of these objectives: reducing the size of future power purchases;
13 reducing the generation of greenhouse gases; limiting the need to upgrade the
14 State's transmission and distribution infrastructure; minimizing the costs of
15 electricity; reducing Vermont's total energy demand, consumption, and
16 expenditures; providing efficiency and conservation as a part of a
17 comprehensive resource supply strategy; providing the opportunity for all
18 Vermonters to participate in efficiency and conservation programs; and
19 targeting efficiency and conservation efforts to locations, markets, or
20 customers where they may provide the greatest value.

1 (iii) The Commission, by rule or order, shall establish a process
2 by which a customer ~~who pays an average annual energy efficiency charge~~
3 ~~under this subdivision (3) of at least \$5,000.00~~ may apply to the Commission
4 to self-administer energy efficiency through the use of an energy savings
5 account which shall contain a percentage of the customer’s energy efficiency
6 charge payments as determined by the Commission. The remaining portion of
7 the charge shall be used for systemwide energy benefits. The Commission in
8 its rules or order shall establish criteria for approval of these applications. A
9 customer shall be eligible for an energy savings account if one of the following
10 applies:

11 (I) The customer pays an average annual energy efficiency
12 charge under this subdivision (3) of at least \$5,000.00.

13 (II) The served premises of the customer are located in an
14 industrial park in a rural area. As used in this subdivision (II):

15 (aa) “Industrial park” means an area of land permitted as an
16 industrial park under 10 V.S.A. chapter 151 or under 24 V.S.A. chapter 117, or
17 under both.

18 (bb) “Rural area” means a county of the State designated as
19 “rural” or “mostly rural” by the U.S. Census Bureau in its most recent
20 decennial census.

1 ~~removal from use value appraisal for a period of one year at a time to allow~~
2 ~~time to bring the parcel into conformance with the plan.~~

3 ~~(2)(A)~~ The Director shall remove from use value appraisal an entire
4 parcel or parcels of agricultural land and farm buildings identified by the
5 Secretary of Agriculture, Food and Markets as being used by a person:

6 ~~(i)(A)~~ found, after administrative hearing, or contested judicial
7 hearing or motion, to be in violation of water quality requirements established
8 under 6 V.S.A. chapter 215, or any rules adopted or any permit or certification
9 issued under 6 V.S.A. chapter 215; or

10 ~~(i)(B)~~ who is not in compliance with the terms of an
11 administrative or court order issued under 6 V.S.A. chapter 215, subchapter 10
12 to remedy a violation of the requirements of 6 V.S.A. chapter 215 or any rules
13 adopted or any permit or certification issued under 6 V.S.A. chapter 215.

14 ~~(B)(2)~~ The Director shall notify the owner that agricultural land or a
15 farm building has been removed from use value appraisal by mailing
16 notification of removal to the owner or operator's last and usual place of
17 abode. After removal of agricultural land or a farm building from use value
18 appraisal under this section, the Director shall not consider a new application
19 for use value appraisal for the agricultural land or farm building until the
20 Secretary of Agriculture, Food and Markets submits to the Director a
21 certification that the owner or operator of the agricultural land or farm building

1 is complying with the water quality requirements of 6 V.S.A. chapter 215 or an
2 order issued under 6 V.S.A. chapter 215. After submission of a certification by
3 the Secretary of Agriculture, Food and Markets, an owner or operator shall be
4 eligible to apply for enrollment of the agricultural land or farm building
5 according to the requirements of this section.

6 * * *

7 (k)(1) As used in this subsection:

8 (A) “Contiguous” means touching, bordering, or adjoining along the
9 boundary of a property. Properties that would be contiguous if except for
10 separation by a roadway, railroad, or other public easement shall be considered
11 contiguous.

12 (B) “Parcel” shall have the same meaning as in 32 V.S.A. § 4152.

13 (2) After providing 30 days’ notice to the owner, the Director shall
14 remove from use value appraisal an entire parcel of contiguous managed
15 forestland and notify the owner when the Commissioner of Forests, Parks and
16 Recreation has not received a required management activity report or has
17 received an adverse inspection report on greater than one percent of enrolled
18 forestland on a parcel, unless the lack of conformance consists solely of the
19 failure to make prescribed planned cutting. In that case, the Director may
20 delay removal from use value appraisal for a period of one year at a time to
21 allow time to bring the parcel into conformance with the plan. When the

1 Director receives an adverse inspection report documenting violations on less
2 than or equal to one percent of forestland on a parcel, the forestland enrolled in
3 the municipality in which the violation occurred shall be removed from use
4 value appraisal, unless the lack of conformance consists solely of the failure to
5 make a prescribed planned cutting under a forest management plan. If a
6 violation consists solely of failure to make a prescribed planned cutting, the
7 Director may delay removal of a parcel of forestland from use value appraisal
8 for a period of one year at a time to allow the owner of the parcel opportunity
9 to bring the parcel into conformance with its forest management plan.

10 Sec. 11. 32 V.S.A. § 3755(d) is amended to read:

11 (d) After managed forestland has been removed from use value appraisal
12 due to an adverse inspection report under ~~subdivision 3756(i)(1)~~ subsection
13 3756(k) of this title, a new application for use value appraisal shall not be
14 considered for a period of five years, and then shall be approved by the
15 Department of Forests, Parks and Recreation only if a compliance report has
16 been filed with the new application, certifying that appropriate measures have
17 been taken to bring the parcel into compliance with minimum acceptable
18 standards for forest or conservation management.

1 the statewide median income, as defined by the U.S. Department of Housing
2 and Urban Development, and the requirements of subdivision (e)(2) of this
3 section shall not apply to such delivery.

4 * * *

5 * * * Electric Utility Demand Charges; Rural Towns * * *

6 Sec. 13. DEMAND CHARGES; REPORT

7 (a) On or before January 31, 2019, the Commissioner of Public Service
8 (Commissioner), in consultation with the Secretary of Commerce and
9 Community Development, shall submit a written report on electric utility
10 demand charges in Vermont and their effect on the ability of industrial
11 enterprises to locate in rural towns of the State.

12 (b) The Commissioner shall submit the report to the House Committees on
13 Agriculture and Forestry, on Commerce and Community Development, and on
14 Energy and Technology and the Senate Committees on Agriculture, on
15 Economic Development, Housing and General Affairs, and on Finance.

16 (c) The report under this section shall include:

17 (1) a narrative summary of the terms, conditions, and rates for each
18 demand charge tariff of each Vermont electric utility;

19 (2) a table that shows the rates and applicability of each such tariff, with
20 such other information as the Commissioner may consider relevant, organized
21 by electric utility;

1 (B) \$0.25 per square foot of proposed impact to Class I or II wetland
2 buffers.

3 (C) Maximum fee, for the conversion of Class II wetlands or wetland
4 buffers to cropland use or for installation of a pipeline in a wetland for the
5 transport of manure for the purposes of farming, as that term is defined in 10
6 V.S.A. § 6001(22), \$200.00 per application. As used in this subdivision,
7 “cropland” means land that is used for the production of agricultural crops,
8 including row crops, fibrous plants, pasture, fruit-bearing bushes, trees, or
9 vines, and the production of Christmas trees.

10 * * *

11 * * * Purchase and Use Tax; Forestry Equipment * * *

12 Sec. 15. 32 V.S.A. § 8911 is amended to read:

13 § 8911. EXCEPTIONS

14 The tax imposed by this chapter shall not apply to:

15 (1) Motor vehicles owned or registered, or motor vehicles rented, by any
16 state or province or any political subdivision thereof.

17 * * *

18 (23) The following motor vehicles used for timber cutting, timber
19 removal, and processing of timber or other solid wood forest products intended
20 to be sold ultimately at retail: skidders with grapple and cable, feller bunchers,
21 cut-to-length processors, forwarders, delimiters, loader slashers, log loaders,

1 whole-tree chippers, stationary screening systems, portable sawmills, and
2 firewood processors, elevators, and screens.

3 * * * Sales and Use Tax; Tax Credit; Advanced Wood Boilers * * *

4 Sec. 16. 32 V.S.A. § 9701 is amended to read:

5 § 9701. DEFINITIONS

6 Unless the context in which they occur requires otherwise, the following
7 terms when used in this chapter mean:

8 * * *

9 (54) “Noncollecting vendor” means a vendor that sells tangible personal
10 property or services to purchasers who are not exempt from the sales tax under
11 this chapter, but that does not collect the Vermont sales tax.

12 (55) “Advanced wood boiler” means a boiler or furnace:

13 (A) installed as a primary central heating system;

14 (B) rated as high-efficiency, meaning a higher heating value or gross
15 calorific value of 80 percent or more;

16 (C) containing at least one week fuel-storage, automated startup and
17 shutdown, and fuel feed; and

18 (D) meeting other efficiency and total particulate matter standards
19 established by the Department of Public Service.

20 Sec. 17. 32 V.S.A. § 9741 is amended to read:

21 § 9741. SALES NOT COVERED

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CHAPTER 34. HEMP

§ 561. FINDINGS; INTENT

(a) Findings.

(1) Hemp has been continuously cultivated for millennia, is accepted and available in the global marketplace, and has numerous beneficial, practical, and economic uses, including: high-strength fiber, textiles, clothing, ~~bio-fuel~~ biofuel, paper products, protein-rich food containing essential fatty acids and amino acids, biodegradable plastics, resins, nontoxic medicinal and cosmetic products, construction materials, rope, and value-added crafts.

(2) The many agricultural and environmental beneficial uses of hemp include: livestock feed and bedding, stream buffering, erosion control, water and soil purification, and weed control.

(3) The hemp plant, an annual herbaceous plant with a long slender stem ranging in height from four to 15 feet and a stem diameter of one-quarter to three-quarters of an inch is morphologically distinctive and readily identifiable as an agricultural crop grown for the cultivation and harvesting of its fiber and seed.

(4) Hemp cultivation will enable the State of Vermont to accelerate economic growth and job creation, promote environmental stewardship, and expand export market opportunities.

1 (5) The federal Agricultural Act of 2014, Public Law No. 113-79
2 authorized the growing, cultivation, and marketing of industrial hemp,
3 notwithstanding restrictions under the federal Controlled Substances Act, if
4 certain criteria are satisfied.

5 (b) Purpose. The intent of this chapter is to establish policy and procedures
6 for growing hemp in Vermont that comply with federal law so that farmers and
7 other businesses in the Vermont agricultural industry can take advantage of
8 this market opportunity.

9 § 562. DEFINITIONS

10 As used in this chapter:

11 (1) [Repealed.]

12 (2) “Hemp products” means all products made from hemp, including
13 cloth, cordage, fiber, food, fuel, paint, paper, construction materials, plastics,
14 seed, seed meal, seed oil, and certified seed for cultivation.

15 (3) “Hemp” or “industrial hemp” means the plant *Cannabis sativa* L. and
16 any part of the plant, whether growing or not, with a delta-9
17 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
18 weight basis.

19 (4) “Secretary” means the Secretary of Agriculture, Food and Markets.

20 § 563. HEMP; AN AGRICULTURAL PRODUCT

1 ~~Hemp~~ Industrial hemp is an agricultural product ~~which~~ that may be grown
2 as a crop, produced, possessed, marketed, and commercially traded in Vermont
3 pursuant to the provisions of this chapter. The cultivation of industrial hemp
4 shall be subject to and comply with ~~the requirements of~~ the required
5 agricultural practices adopted under section 4810 of this title.

6 § 564. REGISTRATION; ADMINISTRATION; PILOT PROJECT

7 (a) The Secretary shall establish a pilot program to research the growth,
8 cultivation, and marketing of industrial hemp. Under the pilot program, the
9 Secretary shall register persons who will participate in the pilot program
10 through growing or cultivating industrial hemp. The Secretary shall certify the
11 site where industrial hemp will be cultivated by each person registered under
12 this chapter. A person who intends to participate in the pilot program and
13 grow industrial hemp shall register with the Secretary and submit on a form
14 provided by the Secretary the following:

15 (1) the name and address of the person;

16 (2) a statement that the seeds obtained for planting are of a type and
17 variety that do not exceed the maximum concentration of tetrahydrocannabinol
18 set forth in subdivision 562(3) of this title; and

19 (3) the location and acreage of all parcels sown and other field reference
20 information as may be required by the Secretary.

1 (b) The form provided by the Secretary pursuant to subsection (a) of this
2 section shall include a notice statement that, ~~until current federal law is~~
3 ~~amended to provide otherwise:~~

4 (1) cultivation and possession of industrial hemp in Vermont is a
5 violation of the federal Controlled Substances Act unless the industrial hemp is
6 grown, cultivated, or marketed under a pilot program authorized by section
7 7606 of the federal Agricultural Act of 2014, Public Law No. 113-79; and

8 (2) federal prosecution for growing hemp in violation of federal law
9 may include criminal penalties, forfeiture of property, and loss of access to
10 federal agricultural benefits, including agricultural loans, conservation
11 programs, and insurance programs.

12 (c) A person registered with the Secretary pursuant to this section shall
13 allow industrial hemp crops, throughout sowing, growing season, harvest,
14 storage, and processing, to be inspected and tested by and at the discretion of
15 the Secretary or ~~his or her~~ designee. The Secretary shall retain tests and
16 inspection information collected under this section for the purposes of research
17 of the growth and cultivation of industrial hemp.

18 (d) The Secretary may assess an annual registration fee of \$25.00 for the
19 performance of his or her duties under this chapter.

20 § 566. RULEMAKING AUTHORITY

1 (a) The Secretary may adopt rules to provide for the implementation of this
2 chapter and the pilot project authorized under this chapter, which may include
3 rules to require hemp to be tested during growth for tetrahydrocannabinol
4 levels and to require inspection and supervision of hemp during sowing,
5 growing season, harvest, storage, and processing. The Secretary shall not
6 adopt under this or any other section a rule that would prohibit a person to
7 grow hemp based on the legal status of hemp under federal law.

8 (b) The Secretary shall adopt rules establishing how the Agency of
9 Agriculture, Food and Markets will conduct research within the pilot program
10 for industrial hemp.

11 Sec. 23. TRANSITION; IMPLEMENTATION

12 All persons registered prior to July 1, 2018 with the Secretary of
13 Agriculture, Food and Markets under 6 V.S.A. chapter 34 to grow or cultivate
14 hemp shall be deemed to be registered with the Secretary of Agriculture, Food
15 and Markets as participants in the industrial hemp pilot project established by
16 this act under 6 V.S.A. § 564, and those previously registered persons shall not
17 be required to reregister with the Secretary of Agriculture, Food and Markets.

18 Sec. 24. 6 V.S.A. § 567 is added to read:

19 § 567. TEST RESULTS; ENFORCEMENT

20 (a) If the Secretary or a dispensary registered under 18 V.S.A. chapter 86
21 tests a hemp crop and the hemp has a delta-9 tetrahydrocannabinol

1 concentration of more than 0.3 percent on a dry weight basis, the person
2 registered with the Secretary as growing the hemp crop shall:

3 (1) enter into an agreement with a dispensary registered under 18 V.S.A.
4 chapter 86 for the separation of the delta-9 tetrahydrocannabinol from the
5 hemp crop, return of the hemp crop to the person registered with the Secretary,
6 and retention of the separated delta-9 tetrahydrocannabinol by the dispensary.

7 (2) sell the hemp crop to a dispensary registered under 18 V.S.A.
8 chapter 86; or

9 (3) arrange for the Secretary to destroy or order the destruction of the
10 hemp crop.

11 (b) A person registered with the Secretary as growing the hemp crop shall
12 not be subject to civil, criminal, or administrative liability or penalty under 18
13 V.S.A. chapter 84 if the tested industrial hemp has a delta-9
14 tetrahydrocannabinol concentration of one percent or less on a dry weight
15 basis.

16 Sec. 25. 18 V.S.A. § 4474e is amended to read:

17 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

18 (a) A dispensary registered under this section may:

19 * * *

20 (1) Acquire, possess, cultivate, manufacture, process, transfer, transport,
21 supply, sell, and dispense marijuana, marijuana-infused products, and

1 marijuana-related supplies and educational materials for or to a registered
2 patient who has designated it as his or her dispensary and to his or her
3 registered caregiver for the registered patient’s use for symptom relief.

4 * * *

5 (5) Acquire, possess, manufacture, process, transfer, transport, and test
6 hemp provided by persons registered with the Secretary of Agriculture, Food
7 and Markets under 6 V.S.A. chapter 34 to grow or cultivate hemp.

8 Sec. 26. 18 V.S.A. § 4474n is added to read:

9 § 4474n. TESTING BY THE AGENCY OF AGRICULTURE, FOOD AND

10 MARKETS

11 The Agency of Agriculture, Food and Markets shall establish a cannabis
12 quality control program for the following purposes:

13 (1) to develop potency and contaminant testing protocols for hemp,
14 hemp-infused products, marijuana, and marijuana-infused products;

15 (2) to verify cannabinoid label guarantees of hemp, hemp-infused
16 products, marijuana and marijuana-infused products;

17 (3) to test for pesticides, solvents, heavy metals, mycotoxins, and
18 bacterial and fungal contaminants in hemp, hemp-infused products, marijuana
19 and marijuana-infused products; and

20 (4) to certify testing laboratories that can offer the services in
21 subdivisions (2) and (3) of this section.

1 DEVELOPMENT; INDUSTRIAL PARK DESIGNATION

2 (a) On or before December 15, 2018, the Secretary of Commerce and
3 Community Development, after consultation with the Secretary of Natural
4 Resources, the Chair of the Natural Resources Board, Regional Development
5 Corporations, and Regional Planning Commissions, shall submit to the to the
6 Senate Committees on Agriculture and on Economic Development, Housing
7 and General Affairs and to the House Committee on Commerce and Economic
8 Development, recommendations for establishing an economic development
9 program under which defined parcels in rural areas of the State are designated
10 as industrial parks for the purposes of providing regulatory and permitting
11 incentives to businesses sited within the industrial park. The report shall
12 include:

13 (1) recommended criteria for establishing an industrial park in a rural
14 area;

15 (2) eligibility criteria, if any, for a business to site within a designated
16 industrial park in a rural area;

17 (3) recommended incentives for businesses sited within a designated
18 industrial park in a rural area, including permitting incentives, permit fee
19 reductions, reduced electric rates, net-metering incentives, and other regulatory
20 incentives;

